

AMENDED IN SENATE MAY 20, 2003

**SENATE BILL**

**No. 887**

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**Introduced by Senator Perata**

(Principal coauthor: Assembly Member Firebaugh)

**(Coauthors: Senators Cedillo, Chesbro, Karnette, Machado, and Vincent)**

(Coauthors: Assembly Members Chan and Lowenthal)

February 21, 2003

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An act to add Division 3 (commencing with Section 64050) to Title 6.7 of the Government Code, relating to financing a seaport security and port neighborhood transportation, clean air, and navigation improvement program by providing the funds necessary therefor through an election for, and the issuance and sale of, bonds of the State of California and by providing for the handling and disposition of those funds, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 887, as amended, Perata. Seaports: security: infrastructure improvement: bonds.

Existing constitutional and statutory provisions set forth procedures for the issuance of general obligation bonds.

Existing law establishes the California Infrastructure and Economic Development Bank in state government and authorizes the bank to provide financial assistance to projects selected in accordance with criteria, priorities, and guidelines established by the bank.

This bill would enact the Seaport Security and Port Neighborhood Transportation, Clean Air, and Navigation Improvement Bond Act of 2003, which, if adopted, would authorize the issuance of bonds, pursuant to the State General Obligation Bond Law, in the total amount

of \$1,000,000,000, for purposes of financing a seaport security and port neighborhood transportation, clean air, and navigation improvement program.

The bill would provide for submission of the Bond Act to the voters at the next statewide general election in accordance with applicable law.

The bill would declare it is to take effect immediately as an urgency statute.

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

SECTION 1. Division 3 (commencing with Section 64050) is added to Title 6.7 of the Government Code, to read:

DIVISION 3. SEAPORT SECURITY AND PORT  
NEIGHBORHOOD TRANSPORTATION, CLEAN AIR, AND  
NAVIGATION IMPROVEMENT BOND ACT OF 2003

CHAPTER 1. GENERAL PROVISIONS

64050. This division shall be known and may be cited as the Seaport Security and Port Neighborhood Transportation, Clean Air, and Navigation Improvement Bond Act of 2003.

64051. As used in this division, the following terms have the following meanings, unless the context clearly requires otherwise:

(a) “Bank” means the California Infrastructure and Economic Development Bank established under Section 63021.

(b) “Committee” means the Seaport Security and Port Neighborhood Transportation, Clean Air, and Navigation Improvement Finance Committee established under Section 64062.

(c) “Fund” means the Seaport Security and Port Neighborhood Transportation, Clean Air, and Navigation Improvement Bond Fund established under Section 64055.

CHAPTER 2. SEAPORT SECURITY AND PORT NEIGHBORHOOD  
TRANSPORTATION, CLEAN AIR, AND NAVIGATION IMPROVEMENT

PROGRAM

64055. The proceeds of the bonds issued and sold under this division shall be deposited in the Seaport Security and Port Neighborhood Transportation, Clean Air and Navigation Improvements Bond Fund, which is hereby established in the State Treasury.

64056. Notwithstanding Section 13340, money in the fund is hereby continuously appropriated to the bank, without regard to fiscal years, for allocation by the bank pursuant to Section 63040, as follows:

(a) The sum of two hundred million dollars (\$200,000,000) shall be allocated by the bank in grants to publicly owned ports and harbors, upon approval of applications from those entities, for seaport security projects, including, but not limited to, all of the following:

(1) Port and harbor infrastructure and environmental investigation and remediation projects that enhance port and harbor security.

(2) Capital improvement projects that provide enhanced security at a harbor or port, including, but not limited to, any project that provides any of the following:

(A) Video surveillance equipment.

(B) Explosives detection technology, including, but not limited to, X-ray devices.

(C) Cargo scanners.

(D) Radiation monitors.

(E) Thermal protective equipment.

(F) Site identification instruments capable of providing a fingerprint for a broad inventory of chemical agents.

(G) Other devices capable of detecting weapons of mass destruction using chemical, biological, or other similar substances.

(H) Other security equipment to assist in any of the following:

(i) Screening of incoming vessels and incoming or outbound cargo.

(ii) Monitoring the physical perimeters of harbors and ports.

(iii) Providing or augmenting onsite emergency response capability.

1 (I) Overweight cargo detection equipment, including, but not  
2 limited to, inter-modal crane scales and truck weight scales.

3 (b) The sum of five hundred million dollars (\$500,000,000)  
4 shall be deposited in the Global Gateways Infrastructure Account,  
5 which is hereby established in the fund. The funds in the account  
6 shall be allocated by the bank, after receiving recommendations  
7 regarding infrastructure improvements from the California  
8 Freight Advisory Commission, to port neighborhood  
9 transportation infrastructure projects, including, but not limited to,  
10 projects that lead to more efficient movement of goods or people  
11 using rail, inter-modal passenger or freight facilities, and roads or  
12 highways near or related to rail yards, harbors, foreign trade zone  
13 sites, ports, or airports.

14 (c) The sum of one hundred million dollars (\$100,000,000)  
15 shall be deposited in the Neighborhood Air Quality Improvement  
16 Account, which is hereby established in the fund. Upon  
17 appropriation, the money in the account shall be available for  
18 expenditure as follows:

19 (1) Not more than one-half of 1 percent of the total amount  
20 appropriated may be expended by the State Air Resources Board  
21 for the purpose of administering this subdivision.

22 (2) Except as provided in paragraph (3), the remainder of the  
23 amount appropriated shall be expended by the State Air Resources  
24 Board to reduce the impact of air pollution on neighborhoods near  
25 the infrastructure projects funded under subdivision (b), by issuing  
26 grants to districts in accordance with the California Port  
27 Community Air Quality Program established under Chapter 9.8  
28 (commencing with Section 44299.80) of Part 5 of Division 26 of  
29 the Health and Safety Code. In addition, and notwithstanding  
30 subdivision (d) of Section 44299.82 of the Health and Safety  
31 Code, each district shall allocate grant funds for projects intended  
32 to achieve significant reductions in particulate matter in the  
33 ambient air of the state.

34 (3) The State Air Resources Board shall allocate a portion of  
35 the appropriated funds to programs that reduce emissions of  
36 particulate matter from heavy-duty engines in the state, including,  
37 but not limited to, programs that offset the cost of the use of  
38 alternative diesel fuels verified by that board to reduce emissions  
39 of particulate matter from heavy duty engines in the state.

(d) The sum of two hundred million dollars (\$200,000,000) shall be deposited in the Federal Navigation Project Matching Account, which is hereby established in the fund. In addition, all state funds appropriated for the purposes of federal navigation projects authorized under the federal Water Resources Development Act (33 U.S.C. Sec. 2201, et seq.) shall be deposited in the account. The funds in the account shall be allocated by the Director of Boating and Waterways to local governmental entities for the purpose of matching not less than 50 percent and not more than 75 percent of the amount contributed by those entities towards the local match required of those entities for federal navigation projects under the federal act. The Director of Boating and Waterways shall select projects for funding by completing an evaluation and ranking of state port and harbor dredge projects that have been approved for federal funding under the federal act. The evaluation shall include a determination of whether each project is in the best interests of the state and a review of the overall viability and effectiveness of each project. Upon the application of a port or harbor district, the director shall include in its evaluation any federally approved harbor dredge project.

*(e) An entity receiving a grant or allocation under subdivision (a), (b), or (d) may not expend more, in the aggregate, than 5 percent of the grant or allocation on administrative costs, including, but not limited to, program delivery costs, land acquisition costs other than purchase price, and general planning costs that are unrelated to the costs of acquisition of, or construction on, a specified property.*

### CHAPTER 3. FISCAL PROVISIONS

64060. Bonds in the total amount of one billion dollars (\$1,000,000,000), exclusive of refunding bonds, or so much thereof as is necessary, may be issued and sold to provide a fund to be used for carrying out the purposes expressed in this division and to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5. The bonds, when sold, shall be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both

1 principal of, and interest on, the bonds as the principal and interest  
2 become due and payable.

3 64061. The bonds authorized by this division shall be  
4 prepared, executed, issued, sold, paid, and redeemed as provided  
5 in the State General Obligation Bond Law (Chapter 4  
6 (commencing with Section 16720) of Part 3 of Division 4 of Title  
7 2, and all of the provisions of that law apply to the bonds and to  
8 this division and are hereby incorporated in this division as though  
9 set forth in full in this division.

10 64062. (a) Solely for the purpose of authorizing the issuance  
11 and sale, pursuant to the State General Obligation Bond Law, of  
12 the bonds authorized by this division, the Seaport Security and  
13 Port Neighborhood Transportation, Clean Air, and Navigation  
14 Improvement Finance Committee is hereby created. For purposes  
15 of this division, the Seaport and Port Neighborhood  
16 Transportation, Clean Air, and Navigation Improvement Finance  
17 Committee is “the committee” as that term is used in the State  
18 General Obligation Bond Law. The committee consists of the  
19 Governor, the Controller, the Treasurer, the Director of Finance,  
20 and the executive director of the bank, or their designated  
21 representatives. A majority of the committee may act for the  
22 committee.

23 (b) For purposes of the State General Obligation Bond Law, the  
24 state agency responsible for administering each program  
25 described in Section 64056 is designated the “board” for that  
26 program.

27 64064. The committee shall determine whether or not it is  
28 necessary or desirable to issue bonds and, if so, the amount of  
29 bonds to be issued and sold. Successive issues of bonds may be  
30 authorized and sold to carry out those actions progressively, and  
31 it is not necessary that all of the bonds authorized to be issued be  
32 sold at any one time.

33 64065. There shall be collected each year and in the same  
34 manner and at the same time as other state revenue is collected, in  
35 addition to the ordinary revenues of the state, a sum in an amount  
36 required to pay the principal of, and interest on, the bonds each  
37 year. It is the duty of all officers charged by law with any duty in  
38 regard to the collection of the revenue to do and perform each and  
39 every act which is necessary to collect that additional sum.



64066. Notwithstanding Section 13340 of the Government Code, there is hereby continuously appropriated from the General Fund in the State Treasury, for the purposes of this division, an amount that will equal the total of the following:

(a) The sum annually necessary to pay the principal of, and interest on, bonds issued and sold pursuant to this division, as the principal and interest become due and payable.

(b) The sum that is necessary to carry out Chapter 2 (commencing with Section 64055), appropriated without regard to fiscal years.

64067. For the purposes of carrying out this division, the Director of Finance may authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds that have been authorized by the committee to be sold for the purpose of carrying out this division. Any amounts withdrawn shall be deposited in the fund. Any money made available under this section shall be returned to the General Fund, plus the interest that the amounts would have earned in the Pooled Money Investment Account, from money received from the sale of bonds for the purpose of carrying out this division.

64068. Upon approval by the Department of Finance the board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account, in accordance with Section 16312, for the purposes of carrying out this division. The amount of the request may not exceed the amount of the unsold bonds that the committee has, by resolution, authorized to be sold for the purpose of carrying out this division. The board shall execute any documents as are required by the Pooled Money Investment Board to obtain and repay the loan. Any amounts loaned shall be deposited in the fund to be allocated by the bank in accordance with this division.

64069. Notwithstanding any provision of this division or the State General Obligation Bond Law, if the Treasurer sells bonds pursuant to this division and there is a bond counsel opinion to the effect that the interest on the bonds is excluded from gross income for federal tax purposes, subject to designated conditions, the Treasurer may maintain separate accounts for the investment of bond proceeds and the investment earnings on those proceeds; ~~and~~. *In this case*, the Treasurer may use or direct the use of those proceeds or earnings to pay any rebate, penalty, or other payment



1 required under federal law, or to take any other action with respect  
2 to the investment and use of bond proceeds required or desirable  
3 under federal law so as to maintain the tax-exempt status of those  
4 bonds and to obtain any other advantage under federal law on  
5 behalf of the funds of this state.

6 64070. All money deposited in the fund that is derived from  
7 premium and accrued interest on bonds sold shall be reserved in  
8 the fund and shall be available for transfer to the General Fund as  
9 a credit to expenditures for bond interest.

10 64071. The bonds may be refunded in accordance with  
11 Article 6 (commencing with Section 16780) of the State General  
12 Obligation Bond Law. Approval by the voters of the state of the  
13 issuance of the bonds includes the approval of the issuance of any  
14 bonds issued to refund any bonds originally issued or any  
15 previously issued refunding bonds.

16 64072. The Legislature hereby finds and declares that,  
17 inasmuch as the proceeds from the sale of bonds authorized by this  
18 division are not “proceeds of taxes” as that term is used in Article  
19 XIII B of the California Constitution, the disbursement of these  
20 proceeds is not subject to the limitations imposed by that article.

21 SEC. 2. Section 1 of this act shall take effect upon the  
22 adoption by the voters of the Seaport Security and Port  
23 Neighborhood Transportation, Clean Air, and Navigation  
24 Improvement Bond Act, as set forth in Section 1 of this act.

25 SEC. 3. Section 1 of this act shall be submitted to the voters  
26 at the next statewide general election in accordance with  
27 provisions of the Government Code and the Elections Code  
28 governing the submission of statewide measures to the voters.

29 SEC. 4. (a) Notwithstanding any other provision of law, with  
30 respect to the Seaport Security and Port Neighborhood  
31 Transportation, Clean Air, and Navigation Improvement Bond  
32 Act, all ballots of the election shall have printed thereon and in a  
33 square thereof, exclusively the words: “Seaport Security, Port  
34 Neighborhood Transportation, Clean Air, and Navigation  
35 Improvement Bond Act” and in the same square under those  
36 words, the following in 8-point type: “This act provides one  
37 billion dollars (\$1,000,000,000) to finance a program for seaport  
38 security, transportation, clean air and navigation investments. (At  
39 this point, the Attorney General shall include the financial impact  
40 summary prepared pursuant to Section 9087 of the Elections Code



1 and Section 88003 of the Government Code.)” Opposite the  
2 square, there shall be left spaces in which the voters may place a  
3 cross in the manner required by law to indicate whether they vote  
4 for or against the act.

5 (b) Notwithstanding Sections 13247 and 13281 of the  
6 Elections Code, the language in subdivision (a) shall be the only  
7 language included in the ballot label for the condensed statement  
8 of the ballot title, and the Attorney General may not supplement,  
9 subtract from, or revise that language, except that the Attorney  
10 General may include the financial impact summary prepared  
11 pursuant to Section 9087 of the Elections Code and Section 88003  
12 of the Government Code. The ballot label is the condensed  
13 statement of the ballot title and the financial impact summary.

14 (c) Where the voting in the election is done by means of voting  
15 machines used pursuant to law in a manner that carries out the  
16 intent of this section, the use of the voting machines and the  
17 expression of the voter’s choice by means thereof are in  
18 compliance with this section.

19 SEC. 5. This act is an urgency statute necessary for the  
20 immediate preservation of the public peace, health, or safety  
21 within the meaning of Article IV of the Constitution and shall go  
22 into immediate effect. The facts constituting the necessity are:

23 In order that the Seaport Security, Port Neighborhood  
24 Transportation, Clean Air, and Navigation Improvement Bond  
25 Act, set forth in Section 1 of this act, may be submitted for voter  
26 approval at the earliest possible time, it is necessary that this act  
27 take effect immediately.

